NTPC Negotiation with World Bank for Loan

811. DR. SANJAYA SINH:
SHRI KRISHNA KUMAR BIRLA:
SHRI RAM JATHMALANI:
SHRI RANJIT SINGH:

Will the Minister of POWER AND NON-CONVENTIONAL ENERGY SOURCES be pleased to state:

(a) whether it is a fact that the National Thermal Power Corporation is negotiating to acquire $ 1 billion dollar loan from the World Bank;

(b) if so, the purpose for which such a huge loan is required;

(c) whether Government have any new plans for the investment of loans in the NTPC; and

(d) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF POWER AND NON-CONVENTIONAL ENERGY SOURCES (SHRI KALP NATH RAI): (a) to (d) Discussions are being held with the World Bank for a loan of over U. S. $ 1 billion for a shelf of new projects of the National Thermal Power Corporation.

Relief to Investors in Power Generation

812. DR. YELAMANCHILI SIVAJI: Will the Minister of POWER AND NON-CONVENTIONAL ENERGY SOURCES be pleased to state:

(a) whether it is a fact that several reliefs are offered to investors to enter into power generation; and

(b) if so, what are the details thereof and with what effect?

THE MINISTER OF STATE OF THE MINISTRY OF POWER AND NON-CONVENTIONAL ENERGY SOURCES (SHRI KALP NATH RAI): (a) Yes, Sir.

(b) The following major incentives have been offered to encourage private sector participation in electricity generation, supply and distribution:

For both Licensee and Generating Companies, the following is permitted:

— All private companies entering the Electricity Sector hereafter will be allowed a debt-equity ratio of 4:1.

— They can raise upto the minimum of 20 per cent of the total outlay though public issues.

— Promoter's contribution should be at least 11% of the total outlay.

— Not more than 40% of the total outlay can come from Indian Public Financial Institutions.

— To ensure that private entrepreneurs bring in additionality of resources to the sector; they must find 60 per cent of the resources from sources other than public financial institutions.

— Upto Hundred per cent (100%) foreign equity participation can be permitted for projects set up by foreign private investors.

— The condition of dividend balancing by export earnings which is normally being applied to cases of foreign investment upto 51% equity will not be applicable to such foreign investments in the power sector.

— The rates for depreciation in respect of assets have been liberalised.

— With the approval of the Government, import of equipment for power projects will also be permitted in cases where foreign supplier(s) agency(ies) extend concessional credit.

The Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 have been amended to bring about this new legal and financial environment for private enterprises in the Electricity sector. How-